

Stanley B. Tarr
BLANK ROME LLP
1201 N. Market Street, Suite 800
Wilmington, DE 19801
Tel. (302) 425-6400
Fax: (302) 425-6464

Counsel for PNC Mortgage, a Division of PNC Bank, NA

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

| | | |
|---|---|---------------------------|
| | : | Chapter 11 |
| In re: | : | |
| | : | Case No. 12-12020(MG) |
| RESIDENTIAL CAPITAL, LLC, <i>et al.</i> , | : | |
| | : | (Joint Administration) |
| | : | |
| Debtors. | : | Re: Docket No. 924 |

**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF PNC MORTGAGE, A
DIVISION OF PNC BANK, NA TO NOTICE OF (I) DEBTORS' INTENT TO ASSUME
AND ASSIGN EXECUTORY CONTRACTS, UNEXPIRED LEASES OF PERSONAL
PROPERTY, AND (II) CURE AMOUNTS RELATED THERETO**

PNC Mortgage, a division of PNC Bank, NA ("PNC Mortgage") hereby objects (this "Objection"), on a limited basis, to the proposed assumption and assignment of certain executory contracts by the above-captioned debtors and debtors-in-possession (collectively, the "Debtors").

In support of this Objection, PNC Mortgage respectfully states as follows:

1. Prior to the Petition Date,¹ the Debtors and PNC Mortgage entered into various agreements whereby PNC Mortgage would service certain mortgages owned by the Debtors (the "Servicing Agreements").² Pursuant to the terms of the Servicing Agreements, PNC Mortgage is entitled to certain payments upon the occurrence of various events.

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Notice of (I) Debtors' Intent to Assume and Assign Executory Contracts, Unexpired Leases of Personal Property, and (II) Cure Amounts Related Thereto [Dkt. No. 924] (the "Notice").

² The Servicing Agreements may include agreements the Debtors entered into with affiliates and/or divisions of National City Bank, NA., predecessors in interest to PNC Mortgage.

2. On July 26, 2012, the Debtors filed the Notice. The Schedules attached to the Notice contain a list of executory contracts (the “Designated Agreements”) that may be assumed and assigned by the Debtors in connection with the Nationstar Sale Transaction. The Schedules do not list any executory contracts to be assumed and assigned in connection with the proposed Sale to BH. Indeed, upon information and belief, the Debtors are not assuming and/or assigning any executory contracts in connection with the Sale to BH.

3. The Schedules list thirteen (13) Designated Agreements to which various PNC Bank, NA affiliates, divisions and/or subsidiaries are counterparties (the “PNC Contracts”). (See Schedules at 68, 128, 131 and 210). It appears that certain of the Servicing Agreements are included in the list of PNC Contracts. The Debtors’ proposed Cure Amount with respect to each of the PNC Contracts is \$0.00.

LIMITED OBJECTION TO CURE AMOUNT

4. Section 365(b)(1) of the Bankruptcy Code provides that in the event of a default under an executory contract, a debtor may not assume that contract unless, at the time of the assumption of such contract, the debtor (A) “cures, or provides adequate assurance that the debtor will promptly cure, such default; (B) compensates, or provides adequate assurance that the debtor will promptly compensate, the non-debtor party to the contract for any actual pecuniary loss to such party resulting from such default; and (C) provides adequate assurance of future performance under such contract.” 11 U.S.C. § 365(b)(1).

5. PNC Mortgage has reviewed the applicable Servicing Agreements at issue and has determined that the Debtors’ proposed Cure Amount of \$0.00 is incorrect in each case. Based on the best information available to PNC Mortgage at this time, the correct Cure Amount under the Servicing Agreements is at least \$2,049,647.23 in the aggregate (the “PNC Cure Amount”).

Section 365(b)(1) of the Bankruptcy Code requires the Debtors to pay PNC Mortgage the PNC Cure Amount as a necessary condition to the assumption or assumption and assignment of the Servicing Agreements.

RESERVATION OF RIGHTS

6. Based upon its review of the Notice, PNC Mortgage presumes that Nationstar intends to take the Servicing Agreements that are Designated Agreements, on a servicing retained basis, including, without limitation, all obligations and rights to and of PNC Mortgage. Such obligations and rights to and of PNC Mortgage include, without limitation, all related payment obligations in respect of advances and escrows and other servicing activity preserved in full for and fully enforceable by PNC Mortgage, as well as all rights of setoff, recoupment, offset or other secured claims in respect of relevant loans, advances, escrows, fees, borrowers, entities, collateral and collateral proceeds. Based upon the Notice, PNC Mortgage additionally presumes that the PNC Contracts, and the obligations thereunder are in respect of PNC Mortgage servicing obligations only and do not relate to mortgage loan origination and reserves its related rights, interests, and claims if this presumption is not correct. PNC Mortgage reserves its rights to object to the assumption and assignment of any of the PNC Contracts, including the Servicing Agreements, on other grounds, including, without limitation, to increase or modify the PNC Cure Amount in the event that the assumption and assignment of the Servicing Agreements is not consistent with the afore-mentioned presumptions.

7. PNC Mortgage understands that currently the Debtors do not anticipate assuming and assigning any executory contracts in connection with the Sale to BH. In the event that the Debtors propose to do so in the future, PNC Mortgage reserves all of its rights to object to such

assumption and assignment and/or any Cure Amount proposed with respect to any contract to which PNC Mortgage is a party.

8. In addition, PNC Mortgage hereby reserves its rights to increase, modify, amend, reduce and/or withdraw the PNC Cure Amount listed in this Objection as more information becomes available to PNC Mortgage.

9. PNC Mortgage also reserves all of its rights in connection with the Nationstar Sale Transaction and the BH Sale and otherwise.

Dated: September 28, 2012

BLANK ROME LLP

/s/ Stanley B. Tarr

Stanley B. Tarr
Alan M. Root
1201 N. Market Street, Suite 800
Wilmington, DE 19801
Tel: (302) 425-6400
Fax: (302) 425-6464

- and -

Michael B. Schaedle
One Logan Square
18th and Cherry Streets
Philadelphia, PA 19103
Telephone: (215) 569-5500
Facsimile: (215) 569-5555

*Counsel for PNC Mortgage, a Division of PNC
Bank, NA*